



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

AEC Agenda Item II.
September 3, 2010

Draft

MINUTES OF THE
June 23, 2010
ACCOUNTING EDUCATION COMMITTEE (AEC) MEETING

Draft

University of Southern California Orange County Center
 2300 Michelson Drive, Classroom C
 Irvine, California 92612
 Telephone: (949) 437-0000

ROLL CALL AND CALL TO ORDER.

Ruben Davila, Chair, called the meeting of the AEC to order at 10:16 a.m. on Wednesday, June 23, 2010 at the University of Southern California Orange County Center. Mr. Davila indicated that to ensure compliance with the Bagley-Keene Open Meeting Act, Section 11122.5(c)(6), if a majority of members of the full California Board of Accountancy (CBA) are present at a committee meeting, members who are not members of that committee may attend the meeting only as observers. CBA members who are not committee members may not sit at the table with the committee, and they may not participate in the meeting by making statements or by asking questions of any committee members.

AEC Members

Ruben Davila, Chair	10:16 a.m. to 3:44 p.m.
Donald Driftmier, CBA Member	10:16 a.m. to 3:44 p.m.
Sherry Anderson	Not Present
Betty Chavis	10:16 a.m. to 3:44 p.m.
Thomas Dalton	10:16 a.m. to 3:44 p.m.
Michael Moore	10:16 a.m. to 3:44 p.m.
Gary Pieroni	10:41 a.m. to 3:44 p.m.
Sara Seyedin	10:16 a.m. to 3:44 p.m.
Xiaoli "Charlie" Yuan	10:16 a.m. to 3:44 p.m.

Staff

Rich Andres, Information Technology Staff
 Deanne Pearce, Chief, Licensing Division
 Dominic Franzella, Manager, Licensing
 Jenny Sheldon, Licensing Coordinator

Other Participants

Sally Anderson, CPA, CBA Vice President
 Chrislynn Freed, USC
 Jon Ross, KPMG, PWC, E&Y, GT, Deloitte
 Hal Schultz, CalCPA
 Jeannie Tindel, CalCPA

II. Approve Minutes of the April 8, 2010 AEC Meeting.

It was moved by Mr. Driftmier, seconded by Mr. Moore, and unanimously carried by those present to approve the minutes (Attachment #1).

III. Informational Memorandum of SB 819's Impact on Mobility.

Mr. Franzella presented the memorandum (**Attachment #2**) for this item.

Mr. Davila made reference to the fact that the California Research Bureau has begun research regarding the 150-hour education requirement and its effect on mobility. He also indicated that the issue of mobility is something members will need to look at down the line.

Mr. Moore commented that he is concerned with satisfying the legislative intent and would applicants from out-of-state be allowed to obtain licensure in California without having to meet the specific education requirements established for the "hollow hours."

Mr. Dalton indicated he is concerned that if members make the education requirements overly burdensome it will create a market for students to obtain their education out-of-state and then come back to California to obtain licensure. Ms. Chavis stated she does not want to lose sight of the fact that members have a unique opportunity to set up a first-class program for the accounting profession.

Staff clarified that applicants who obtain education out-of-state must meet California's education requirement, including the additional 20 units of accounting study that the AEC is working to define, in order to be eligible for licensure.

Members discussed the need for outreach to students regarding the licensure requirements for their desired state of licensure.

Mr. Dalton stated that he is not concerned with the competency of students who have completed a master's degree or bachelor's degree in accounting but rather with students who obtain a degree in another subject area and then obtain a random additional 30 units with no thought by a faculty or any group as to the order or proper foundation of the courses. Mr. Dalton opined that those are the individuals that the Legislature and Center for Public Interest Law want members to take a look at in substitute for vetting by faculty.

Mr. Davila indicated that the discussions are moving ahead of the Agenda and need to move on to the next agenda item prior to going further into the discussion.

IV. Finalization of AEC Purpose Statement.

Ms. Pearce presented the memorandum (**Attachment #3**) for this item and asked for additional comments, edits, or suggestions from members.

Mr. Driftmier made a move to accept, which was not seconded. Mr. Davila recommended adding language to take in the needs, requirements, and constraints of the stakeholders involved.

Mr. Davila asked for the purpose statement to be re-worded by staff for consideration later in the meeting.

Discussion on this item resumed under Agenda Item VII.

V. Resource Information on Other States' Education Requirements.

Ms. Sheldon presented a memorandum (**Attachment #4**) for this agenda item outlining the education requirements for licensure in other states. Mr. Davila presented a supplemental memorandum (**Attachment #5**), which included a sample definition for the term "other academic work relevant to accounting and business" along with a chart designed to aid the members in allocating the 20 units of accounting study.

VI. Consideration on Defining Terms and Establishing a Framework for the 20 Units of Accounting Study.

Mr. Davila began the discussion on this agenda item (**Attachment #6**).

Ms. Sally Anderson thanked members for taking the time to serve on the committee. Ms. Anderson inquired as to whether members could consider allowing individuals with a law degree or a master's degree in disciplines such as taxation, finance, and accounting be allowed to become licensed without completing the additional 20 units of accounting study. Ms. Anderson indicated that in her experience firms do not usually hire people thinking they will need time to go back and obtain additional education prior to being eligible to apply for licensure.

Members discussed which subject areas should qualify as other academic work relevant to accounting and business. Members were in agreement that the subject areas should be as inclusive as possible to avoid creating barriers to entry for applicants with non-accounting majors.

Ms. Tindel commented that for years the Legislature had resisted allowing an increase in education because it did not want to negatively impact economically disadvantaged students and wanted the profession to remain broad and inclusive so that people could come into the profession from alternative routes. Ms. Tindel stated that she would like the committee to pursue a broad, inclusive approach to

allocating the units and that a possible idea would be to identify which subject areas will not be allowed rather than those that will be allowed.

Members discussed the level at which course work should be completed. Members were in agreement that the 20 units of accounting study should be completed at the upper division or higher level in order to ensure the rigor of the coursework.

Members discussed defining the term independent study and setting a unit limitation on independent study and internships. Mr. Dalton and Ms. Seyedin both recommended leaving the requirements for an independent study program to the discretion of the schools. Ms. Seyedin also stated that independent study and internships should be limited to accounting and business-related subjects.

Mr. Moore expressed concern over accepting course work from extension programs where there may be less oversight especially over the independent study programs. Members discussed the differences between on-line courses and independent study. Mr. Driftmier reminded members that the CBA already accepts course work and degrees from on-line, degree-granting universities and cautioned against trying to limit a format that is already determined to be acceptable for licensure.

Mr. Dalton commented that independent study and internships should be combined for purposes of defining acceptable subject areas and setting a unit limitation.

Discussion on this item resumed under Agenda Item VII.

VII. Future Meeting Dates.

Ms. Pearce began the discussion on this agenda item (**Attachment #7**). Members agreed to move the proposed July meeting to August to allow staff adequate time to develop draft regulatory language for presentation at the next AEC meeting.

At this time, AEC members resumed discussion of Agenda Item IV.

The new proposed statement was "To advise the CBA on accounting study requirements to enhance consumer protection through strengthening the competence of students as practitioners while considering the constraints and needs of stakeholders."

It was moved by Mr. Driftmier, seconded by Ms. Seyedin, and unanimously carried by those present to approve the purpose statement.

At this time, AEC members resumed discussion of Agenda Item VI.

Members tentatively agreed that applicants should be limited to a maximum four units of independent study or internships in any of the approved subject areas.

Mr. Davila brought the discussion back to Mr. Moore's previous comment regarding extension programs. Members discussed the issue of whether courses completed through a college or university extension program are accredited and acceptable for licensure. Staff indicated that it would look into the matter and consult with legal counsel.

Mr. Davila moved the discussion to the allocation of the 20 units of accounting study and members discussed various combinations of units including master's degree programs.

Ms. Freed questioned whether accepting a master's degree in accounting would include master's degree in business taxation. Mr. Davila responded in the affirmative.

Members came to a tentative agreement that holders of a masters' degree in accounting or business taxation should be deemed to have met the 20 units of accounting study. Members also tentatively agreed that the 20 units should be comprised of a minimum of six units in accounting subjects and that no more than a total of four units can be completed via internship or independent study programs.

Staff indicated that it would consult with legal counsel regarding the ability to accept specific master's degrees in place of the 20 units of accounting study.

VIII. Public Comments

The CBA received a written comment on behalf of the AEC from Robert J. Yetman, Associate Professor of Accounting in the Graduate School of Management at the University of California, Davis (**Attachment #8**).

No further public comments were received.

ADJOURNMENT.

There being no further business to be conducted, the meeting was adjourned at 3:44 p.m. on Wednesday, June 23, 2010.

Ruben Davila, Chair

Prepared by Jenny Sheldon, Licensing Coordinator.